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The Day Trade Forex System:

The ULTIMATE Step-By-Step Guide to Online Currency Trading

"How You Can Earn $50 to $500 A Day Currency Trading From The Comfort of Your Own Home!"

By Erol Bortucene and Cynthia Macy

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Margined Currency Trading is an extremely risky form of investment and is only suitable for individuals and institutions capable of handling the potential losses it entails. The funds in an account that is trading at maximum leverage may be completely lost if the position(s) held in the account experiences one percent swing in value. Given the possibility of losing one's entire investment, speculation in the foreign exchange market should only be conducted with risk capital funds that, if lost, will not significantly affect the investor's financial well-being. There is no guarantee that readers of this document or our websites will make money. Readers use the information and links entirely at their own risk. Erol Bortucene/Cynthia Macy owners of DayTradeForex.com do not accept any liability in respect of any loss or damage arising from or in connection with any use of the information on or accessed through this document or our company websites. All intellectual property rights in this report remain the property of DayTradeForex.com

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The ULTIMATE Step-By-Step Guide to Online Currency Trading

"How You Can Earn $50 to $500 A Day Currency Trading From The Comfort of Your Own Home!"

Did you know that more and more business opportunity seekers worldwide are discovering the **powerful profit potential** of Foreign Exchange trading? In this business, there are no employees to hire, no advertising, no products to stock, no downlines to fill--just you, an Internet connection and a computer. That's all you need to make money on the worlds largest market. If you are searching for an alternative to more traditional home-based business opportunities, then Forex trading may be what you've been looking for.

Our purpose is to empower, mentor and train currency traders all around the world who would like to Day Trade Forex as their main source of income. For those looking for a significant part-time income, we believe Currency Trading is the vehicle to use. Our aim is to assist you to:

1. Stay **Disciplined**—To learn how to manage risk effectively.
2. Keep **Objective**—To trade in a non-emotional, intelligent way.
3. Trade with **Confidence**—To know exactly *when* to trade.
4. Become **Systematic**—To generate your own Forex buy/sell signals.

The goal is to earn **$50 to $500 per trade** and minimize losses on losing trades using technical indicators on charts, which I will explain later on in this course. The potential to profit is there for those who trade this system. The great thing about Forex trading is that you can test this system for FREE on a demo account using virtual money, before you risk one penny on actual trades.

You will be able to join my team of traders as you advance step-by-step through this guide. We will begin by explaining what Forex is and all the benefits of trading currencies

WHAT IS FOREX

The Foreign Exchange, also referred to as the "Forex" or "Spot FX" market, is the largest financial market in the world, with over $1.2 trillion changing hands every single day. If you compare that to the $25 billion a day volume that the New York Stock Exchange trades, you see how giant the Foreign Exchange really is. In fact it is three times larger than all of the US Equity and Treasury markets combined!

What is traded on the Foreign Exchange? The answer is money. Forex trading is where the currency of one nation is traded for that of another. Therefore, Forex trading is always traded in pairs. The most commonly traded currency pairs are traded against the US Dollar (USD). They are called 'the Majors'. The major currency pairs are the Euro Dollar (EUR/USD); the British Pound (GBP/USD); the Japanese Yen (USD/JPY); and the Swiss Franc (USD/CHF). The notable 'commodity' currency pairs that trade are the Canadian Dollar (USD/CAD) and the Australian Dollar AUD/USD. Because there is not a central exchange for the Forex market, these pairs and their crosses are traded over the telephone and online through a global network of banks, multinational corporations, importers and exporters, brokers and currency traders.

Traditionally, currency trading has been a 'professionals only' market available exclusively to banks and large institutions, however, because of the rise of the new E-economy, online Forex trading firms are now able to offer trading accounts to 'retail' traders like you and I. Now almost anyone with a computer and an Internet connection can trade currencies just like the world's largest banks do. There are now over 6 million trading accounts worldwide up from 1.7 million in 1997.

BENEFITS OF FOREX TRADING

There are many benefits and advantages to trading Forex. Here are just a few reasons why so many people are choosing this market as a business opportunity:

1.LEVERAGE: In Forex trading, a small margin deposit can control a much larger total contract value. Leverage gives the trader the ability to make extraordinary profits and at the same time keep risk capital to a minimum. Some Forex firms offer 200 to 1 leverage, which means that a $50 dollar margin deposit would enable a trader to buy or sell $10,000 worth of currencies. Similarly, with $500 dollars, one could trade with $100,000 dollars and so on.

2.LIQUIDITY: Because the Forex Market is so large, it is also extremely liquid. This means that with a click of a mouse you can instantaneously buy and sell at

will. You are never 'stuck' in a trade. You can even set the online trading platform to automatically close your position at your desired profit level (limit order), and/or close a trade if a trade is going against you (stop order).

3.PROFIT IN BOTH 'RISING' AND 'FALLING' MARKETS: On the stock markets, you can only make money if shares are rising, but in economic recession and falling 'bear' markets, there is little chance of making big money. Forex is different. One of the most exciting advantages of FX trading is the ability to generate profits whether a currency pair is 'up' or 'down'. A trader can profit by taking a 'long' position, (buying the currency pair at one price and selling it later at a higher price), or a 'short' position, (selling the currency pair and buying it back at a lower price). For example, if you think the US dollar will increase in value vs. the Japanese Yen then you will buy Dollars and sell Yen (go long). If you think the Yen will increase in value against the Dollar then you will sell Dollars and buy yen (go short). As long as the trader picks the right direction, a potential for profit *always* exists.

4. 24HRS: From Sunday evening to Friday Afternoon EST the Forex market never sleeps. This is very desirable for those who want to trade on a part-time basis, because you can choose when you want to trade--morning, noon or night.

5. FREE 'DEMO' ACCOUNTS, NEWS, CHARTS AND ANALYSIS: Most Online Forex firms offer free 'Demo' accounts to practice trading, along with breaking Forex news and charting services. These are very valuable resources for traders who would like to hone their trading skills with 'virtual' money before opening a live trading account.

6.'MINI' TRADING: One might think that getting started as a currency trader would cost a lot of money. The fact is, it doesn't. Online Forex Firms now offer 'mini' trading accounts with a minimum account deposit of only $200-$500 with no commission trading. This makes Forex much more accessible to the average individual, without large, start-up capital.

The Day Trade Forex System Foundations:

Before we begin looking at the specifics of the FPS and how it works, let's look at 4 building blocks that I believe to be foundations to the Forex Profit System.

- **Foundation #1: Currency Trading is not a Get-Rich-Quick Scheme.**

Currency trading is a SKILL that takes TIME to learn. Skilled Traders can and do make money in this field, however like any other occupation or career, success doesn't just happen overnight. Here is a great 'formula' for success:

Practice + Patience + Persistence = Profits

As they say, there is no substitute for hard work and diligence. Practice trading on a demo account and pretend the virtual money is your own real money. **Do not open a live trading account until you are profitable trading on a demo account.** Stick to the plan and you can be successful.

- **Foundation #2: I highly recommend that you follow 1 or maybe 2 major currency pairs.**

It gets far too complicated to keep tabs on all four. I also recommend that traders choose one of the majors because the spread is the best and they are the most liquid. The Euro/USD is the most commonly traded pair and usually has the best 'spread' because of its liquidity. The USD/Swiss Franc is usually the most volatile and moves the most during the trading week. The USD/Yen moves a lot on the news out of Japan and normally the Pound Sterling/USD is more stable in it's moves than the other three.

- **Foundation #3: Follow and understand the daily Forex News and Analysis of the professional currency analysts.**

Even though this system is based solely on technical analysis of charts, it is important to get a birds-eye view of the currency markets and the news that affects the prices. It is also important that you know and understand what the key technical 'support' and 'resistance' levels are in the currency pair that you want to trade. Support is a predicted level to buy (where currency pair should move up on the charts), resistance is a predicted level to sell (where the currency pair should move down on the charts).

Fortunately, all the best Forex news and analysis is offered free on the Internet. Here is what you should do first:

While you are reading the daily news and technical analysis, write down on a piece of paper what direction the analysts are saying about the major currency pair you are following and the key support and resistance levels for the day.

A. Go to www.forexnews.com and you will find 24hr news and analysis on the spot FX markets. The site will give you the big picture of how the economic calendar and central banks affect the currency markets. A great resource.

B. Then go to www.fxstreet.com and click on the 'Top Forex Reports'. Here there is a wonderful listing of all the major daily currency analysis and forecasts with support and resistance and direction forecasts.

C. Click on www.currencypro.com and go to 'Today's Market Research' and there you will find more excellent analysis on the Major Currency pairs. Another great Forex Portal.

- **Foundation #4: Learn how to use the technical indicators in this course and always trade with stop losses!**

It is worth your time to be patient and learn how to use the technical indicators on the charts that you will be reading about shortly.

It is important when you are trading Forex, to be disciplined and to stick to a plan. Don't just trade your 'gut' feeling. Use the technical indicators outlined and always enter in stop losses on every trade. Remember that everyone who trades has a different tolerance for losses. Depending on your risk capital, and strategy, set your stop losses accordingly.

The Day Trade Forex System:
Six Steps to Success

The goal of this guide is to instruct and teach potential traders how to day trade the currency markets. The objective of day trading is to trade the intra day market moves to try to gain small to medium sized profits in any given trading day. This is how this guide will help. Most readers will not have the time or resources to 'position trade' like the major institutions and banks do. They tend to look at the big picture holding onto trades for weeks or months.

The Forex Profit System is specifically designed for use with the 1, 5 or 10 minute charts, with the goal of taking 5-20 pip profits per trade—closing bad trades out using tight stops, or hedging any losing trades. The following steps will show you how to do this.

Step 1. Choose an online Forex Firm

What to look for in an online Forex Firm:

1. Low Spreads.

   In Forex Trading the 'spread' is the difference between the buy and sell price of any given currency pair. The lower the spread saves the trader money. Most firms offer 4-5 pip spreads in the Major Currency pairs. The best firms offer clients 3-5 pips.

2. Low minimum account openings.

   For those that are new to trading, and for those that don't have thousands of dollars in risk capital to trade, being able to open a mini trading account with only $200 is a great feature for new traders.

3. Instant automatic execution of your orders.

   This is very important when choosing a Forex firm. You want instant execution of your orders and the price you see and 'click' is the price that you should get. Don't settle with a firm that re-quotes you when you click on a price or a firm that allows for price 'slippage'. This is very important when trading for small profits.

4. Free charting and technical analysis

   You need a firm that gives you access to the best charting and technical analysis available to active traders. The firm that I recommend gives clients FREE professional charting services and even allows traders to trade directly on the charts!

5. High Leverage

   You want high leverage—the ability to trade a large amount with a small margin deposit. Some of the best firms offer .25% or 400:1 leverage.

6. Hedging Capability

   You want the flexibility of opening positions on the same currency pair in opposite directions without them eliminating each other and without margin increase!

Here is a list of some of the main Forex trading Firms on the Internet. After a lot of research and personal experience, the firm that I recommend with the above-mentioned benefits is Capital Markets Services LLC (CMS Forex LLC). You can research the rest of the firms listed to see for yourself.

**CMS Forex www.cms-forex.com

ACM Advanced Currency Markets
Fairlot Financial Group
Forex Capital Markets
GAIN Capital
GCI Financial, Ltd.
Global Forex
IFX Markets Limited
London Capital
Meridian Forex Pty Limited
MG Financial Group
SaxoBank
Tricom

Step 2. Open a 'Visual Trading' Demo Account

The first step to trading the currency markets is to open a demo account. It is important that you learn how to buy and sell the currency pairs, set stop losses, set profit limits, and understand how leveraged margin works when you trade. I found the best way to learn this is by experience.

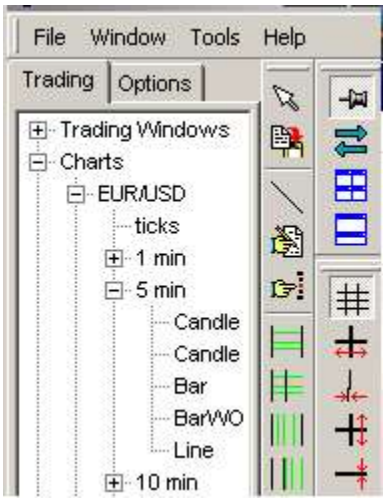
To set up your FREE charting from CMS, simply go to their website and open a 'Visual Trading' Free demo account. The charting package in this demo account rivals, any Forex Professional charting service and you will be able to set up the technical indicators that will aid you in your trading decisions.

A. Go to http://www.cms-forex.com and click on the 'Sign Up' tab and scroll down to Visual Trading Demo. Open up a free demo account and you will get your log in information sent to your email address.

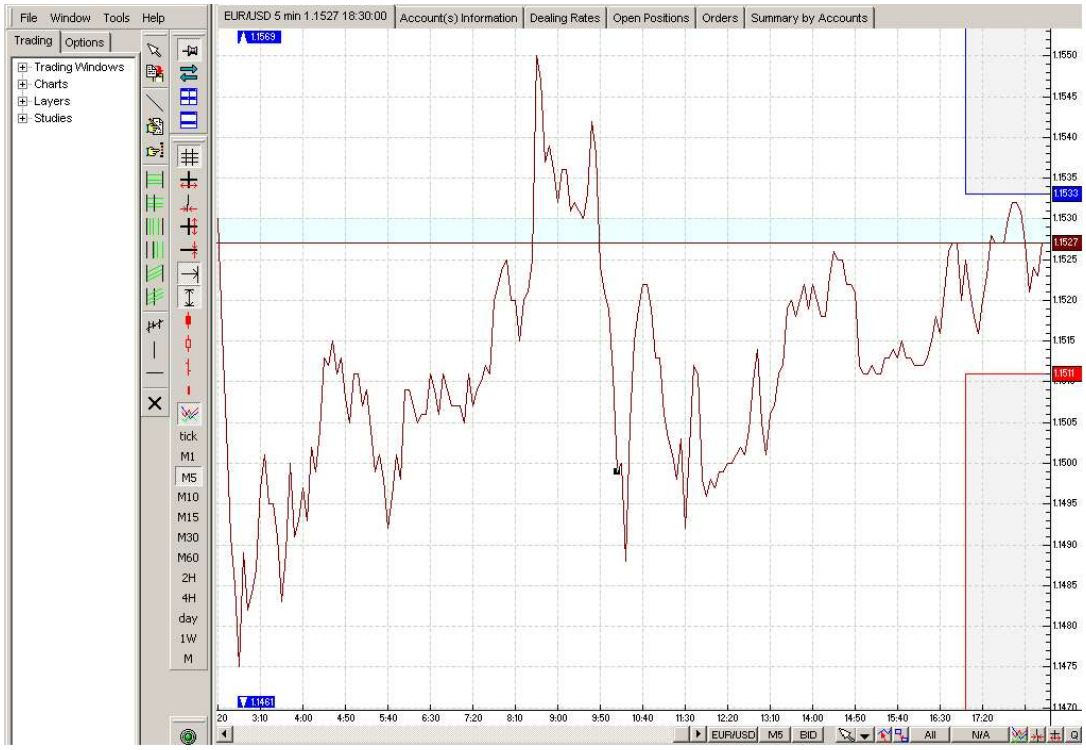
B. Now go to the 'Support' Tab and scroll down to 'Visual Trading Manual'. This manual will show you how the trading platform works. **You will need to read this before proceeding**. The better you know your way around this platform, the easier the next steps will be.

Step 3: Set up your charts:

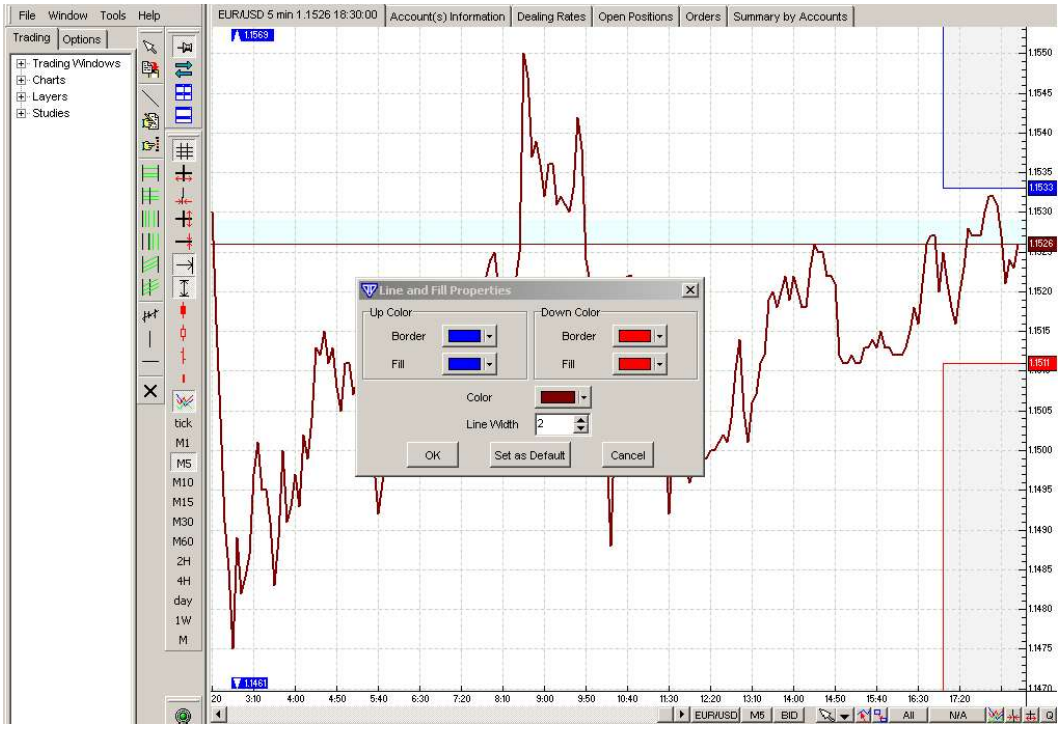
A. One the left hand side of screen you will be able to choose your chart. Choose EUR/USD (or whatever currency pair you like) , 5 min, line and the chart will appear on the right hand side. Maximize the chart to fill the right hand side.



Your chart should now look something like this:



Now if you want to make the price line darker, you can right click right on the price line and a properties box will appear. You can adjust the thickness of the line. In this example the price line width is set it to 2.



B. Before we add our studies to our charts, I would like you to go to the following links. Read how to trade the Parabolic SAR here:

www.incrediblecharts.com/technical/parabolic_sar.htm

Read about how to trade moving average crossovers here:

www.incrediblecharts.com/technical/moving_averages_three.htm

Read about how to trade Bollinger Bands here:

www.incrediblecharts.com/technical/bollinger_bands.htm

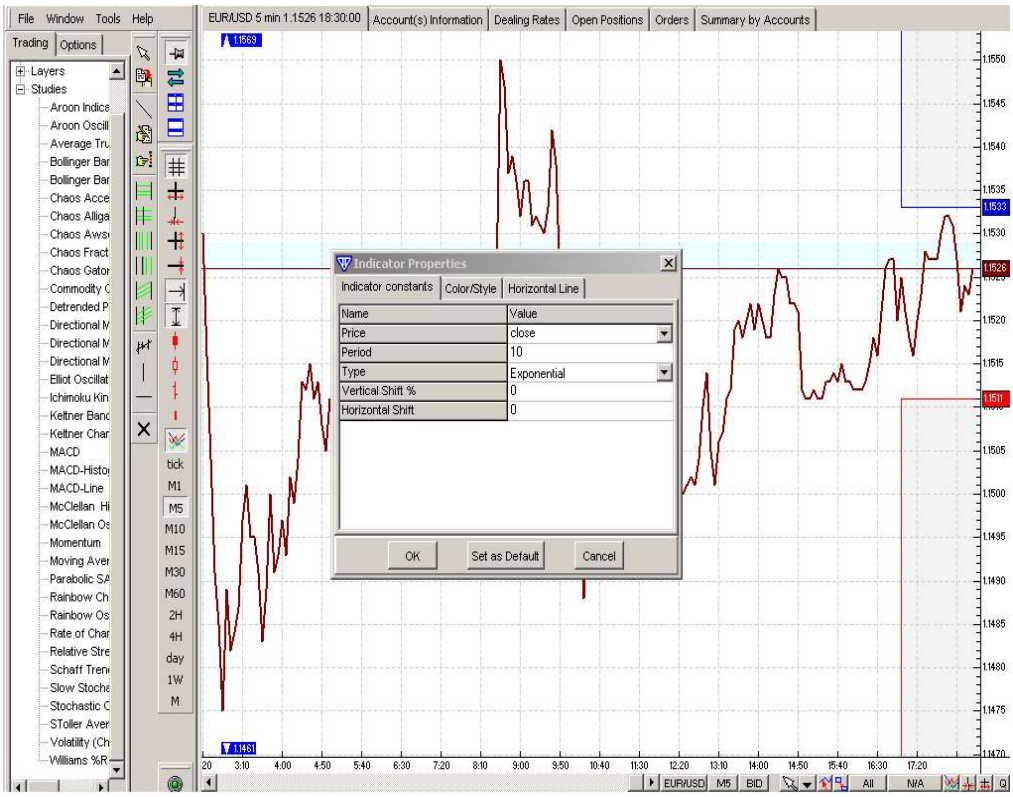
*We will be giving examples of how to apply these studies to day trading Forex.

C. Now we will add the Moving Averages to the chart. We will be using the Exponential Moving Average 10, the Bollinger Band Exponential Set at 20, and the Exponential Moving Average 50.

Click on **Moving Average** on the left hand side under Studies. Set your first MA to **10**, close, exponential and you can make it **red** with line width 2 under the Color/Style Tab.

Click on **Moving Average** again and add your MA **50**, close, exponential and make this line **blue** with line width 2.

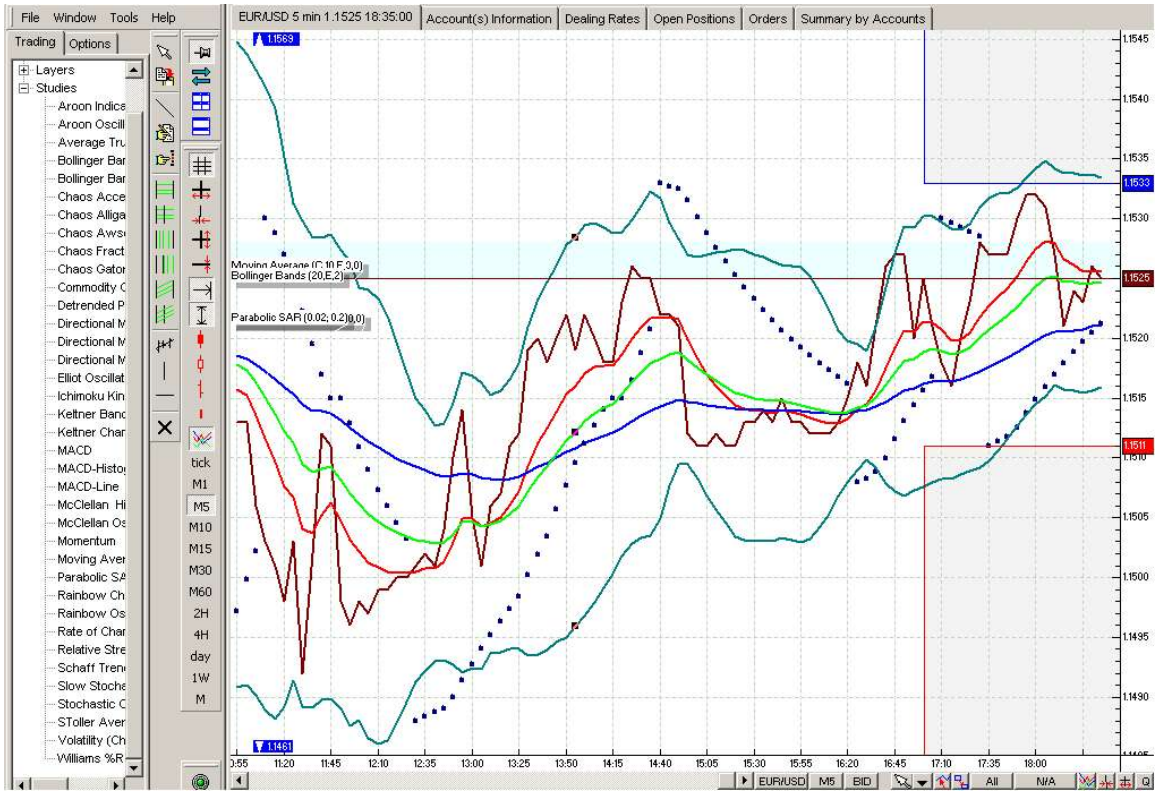
Here is a shot of the Moving Average Properties window:



D. Now go to the studies on the left hand side of your screen Select **Bollinger Bands** and set them to 20,2, close exponential. Make the middle band green, line width 2.

E. Add **Parabolic SAR** to your chart by selecting it on the left and use the default settings. Make the dots darker, by selecting line width 2.

Your chart should now look like this:



You can zoom in and out of your chart using the small buttons in the bottom right hand side of your screen.

How To Change the Currency Pair and Time Frame:

On the bottom of your chart, you can change the currency pair and right beside it, if you click on the button that says M5 you can change the time frame of the chart. The studies will automatically be added to any new time frame and currency pair that you select.

How to Exit the VT Platform Properly:

To exit the VT platform, click on FILE and then EXIT. The studies that you added to your chart will automatically be up the next time that you log in to your account. Please note that if you click x on the top left hand corner of your chart you will close the chart and reset your settings that you added. If you want to keep your studies and charts intact you can minimize it or just leave always keep it open to keep your settings saved.

F. Now we will add **3** more indicators below the chart to help us **confirm** the trend, and to help us identify exact entry and exit buy or sell signals. The following indicators give us insight into the momentum, direction and overbought/sold indicators. Used along with the Exponential Moving Averages, Parabolic SAR and Bollinger Bands—these indicators can be very helpful to the day trader.

MACD Histogram.

Read about how to trade the MACD Histogram here:
http://www.incrediblecharts.com/technical/macd_histogram.htm

Relative Strength Index (RSI)

Read about how to trade the RSI here:
http://www.incrediblecharts.com/technical/relative_strength_index.htm

Slow Stochastic

Read about how to trade the Slow Stochastic here:
http://www.incrediblecharts.com/technical/slow_stochastic.htm

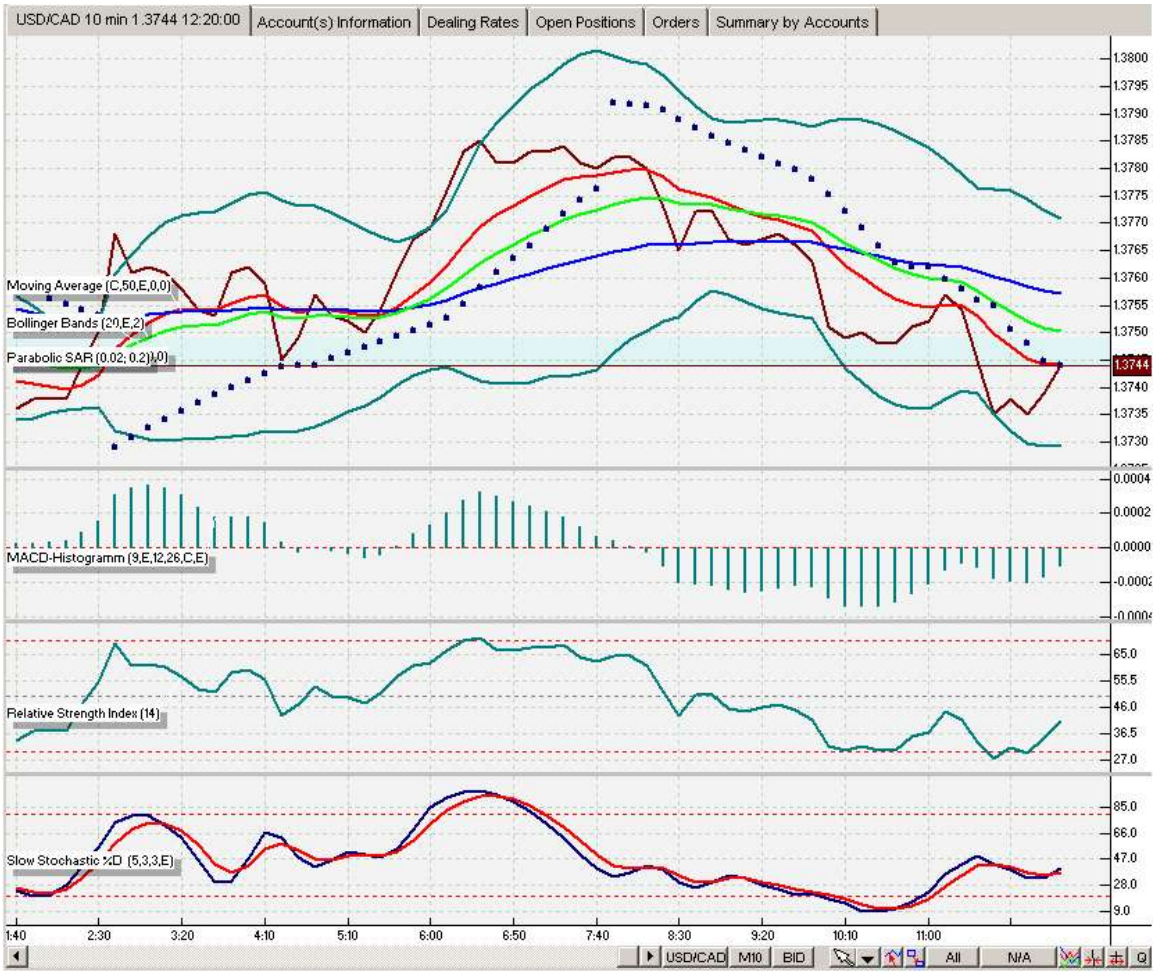
Now add these studies to your charts.

Under Studies click on **MACD Histogram** and use the default settings (9,Exponential, 12, 26, Close, Exponential) and set the line width to 2. Your study will automatically open under your chart.

Under Studies click on **Relative Strength Index** and set it to 14 and set the line width to 2. Your study will automatically open under your chart.

Under Studies click on **Slow Stochastic** and set it to (5,3,3, Exponential) and make the %K line blue with line width 2, and the %D line red with line width 2.

Your chart, with all the studies on it should now look like this (example of USD/CAD 10 min chart): Notice that I clicked on the zoom in button a couple of times on the bottom right hand corner to get it to look like this.

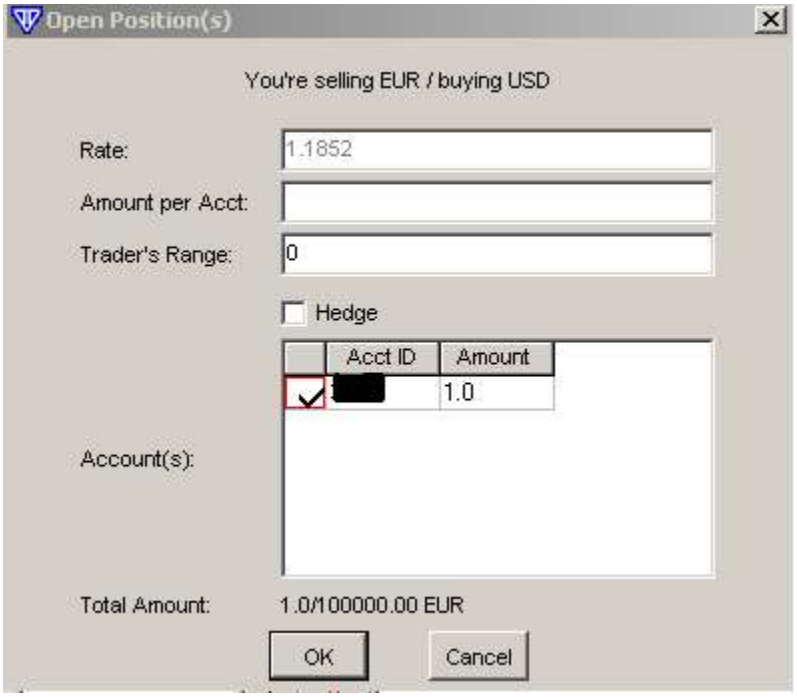


Step 4: How to Buy and Sell the Currency Pairs

Now that our charts are set up, let's learn HOW to open and close a position, or buy and sell on the VT platform. After we learn HOW, we can look at WHEN to enter/exit a trade using the technical indicators. ****Please note that this information is in the Visual Trading Manual that you should have already read.**

A. Simply move your cursor to the chart and right click. A menu will pop up and at the top it will say **buy** with the current exchange rate to buy and **sell** with the current exchange rate to sell. You should Buy if you think the price line will go up on your chart or sell when you think the rate will drop

on the chart. Click on buy or sell and an 'Open Positions' window will pop up that looks like this:



B. In the Amount per Acct: box you put in how many lots you will trade—1 lot is 100,000 currency units.

Trading with 1 lot EUR/USD is $10 profit/loss per pip
Trading with 1 lot GBP/USD is $10 profit/loss per pip
Trading with 1 lot USD/JPY is $8 profit/loss per pip
Trading with 1 lot USD/CHF is $6 profit/loss per pip

Trading with 2 lots doubles the profit/loss possibility. Trading with .5 of a lot halves the profit/loss possibility. With the CMS universal account you can trade full or partial lots from this window. If you put in .1 of a lot your profit/loss would be $1 in the EUR/USD etc…

C. The trade that you just made will now show up directly on the chart. If you right click your open position on the chart you can choose to add a Stop price and a Limit price, or you can hedge your position—which we will look at later on.

Stop Order: Is a price you enter into an open position, where the trading platform automatically closes your position when the Exchange rate touches that level. If you are in a winning trade, you can move your stop up or down

to protect profits. If the exchange rate never hits that level, then the Order doesn't get filled.

**tip: If you are in a winning trade, you can move your stop to your entry level, so that if your trade moves against you, the platform closes your position without any losses.

****tip**: You should be comfortable setting your stop Order at 15-20 pips. If you can't handle a 15-20 pip loss, then you are need to trade smaller amounts. This will help you from over leveraging your trading account.

Limit Order: Is a price you enter into an open position for the trading platform to automatically close your position at a profit. For example, you might set your limit order at a 15 pip profit. If the exchange rate never hits that level, then the Order doesn't get filled.

Step 5: When to Enter and Exit Your Trades:

We will be looking at 3 different ways to day trade the Forex Markets. In a trading session, you may look for 1 or more of these approaches. The 3 techniques are as follows:

1. Trade the Breakout
2. Trade the Trend
3. Trading Tops and Bottoms

Before we look at these trading approaches, let's answer a question that is often asked by new traders.

When is the best time to trade?

Because the Forex Market is open 24hrs a day, and traded on a global scale, the question to ask is, 'when should I trade?'. The good news is that no matter what time zone or hemisphere you live in globally, there are always good opportunities to trade.

The three major trading 'sessions' are as follows (all in Eastern Standard Time):

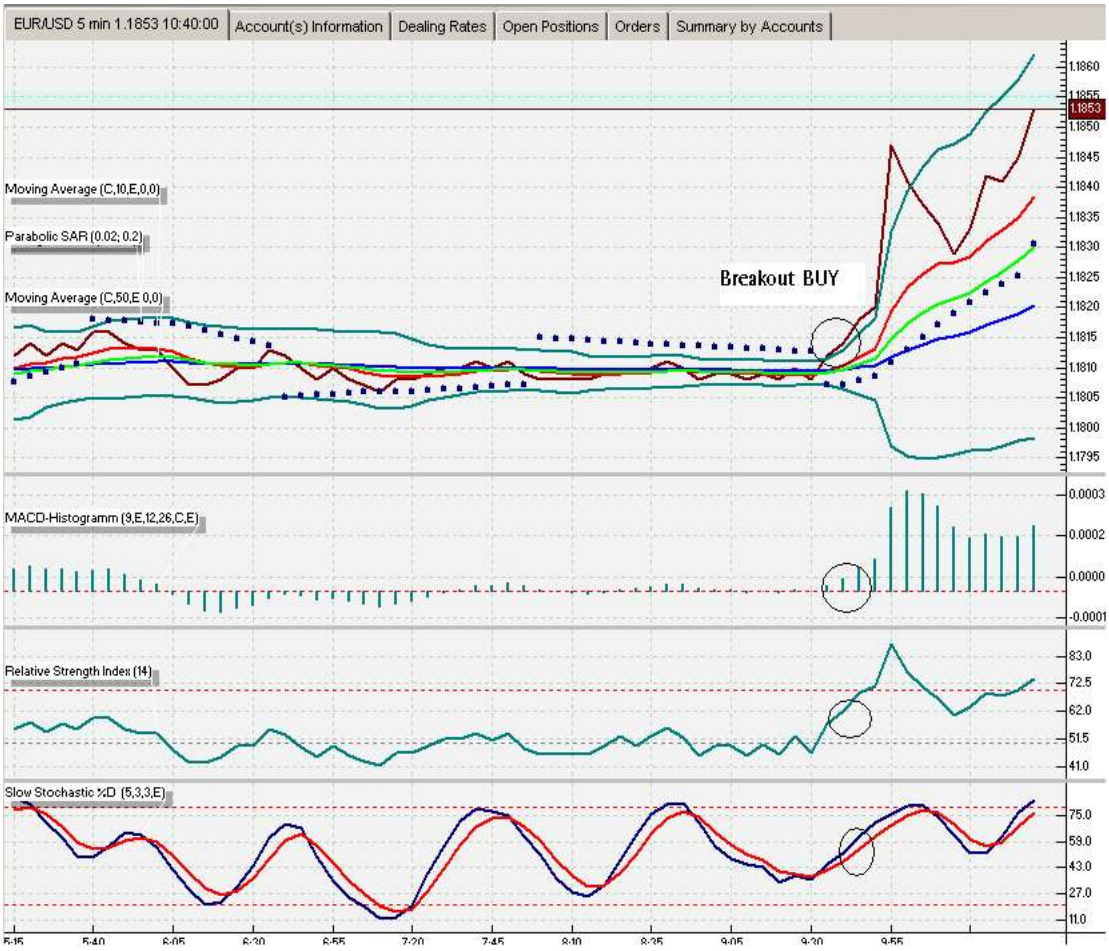
1. New York open 8:00 AM to 4:00 PM
2. Japanese/Australian open 7:00 PM to 3:00 AM
3. London open 3:00 AM to 8:00 AM

****Often, the best times to trade is at the beginning 3-5 hours of the above mentioned opening times, because the major currency pairs tend to move the most in a particular direction.**

The first DayTradeForex.com trading technique we will look at is the easiest to recognize on the charts. We will call it 'Trade the Breakout'. You can use the 5, 10 or 15 minute charts for this method. The indicators on the 5 minute charts are the fastest. Practice until you feel comfortable with the time frame that suits you best.

1. Trade the Breakout

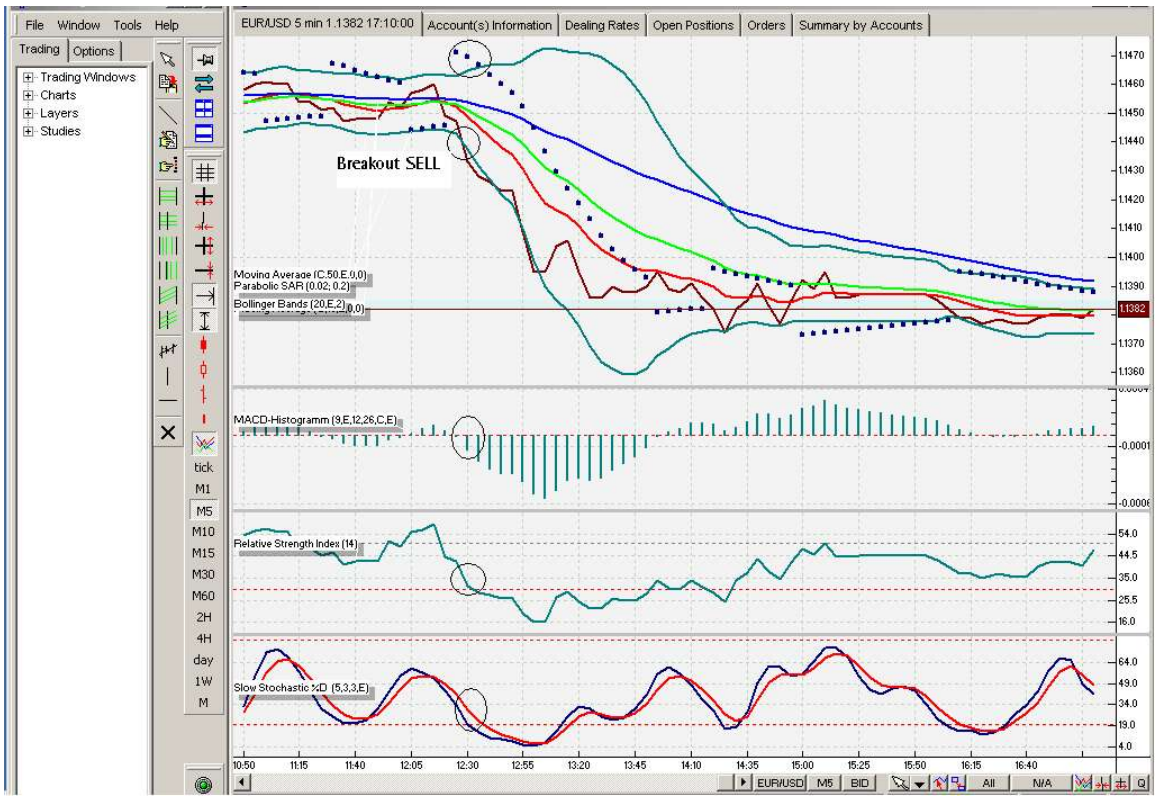
The principle behind trading the breakout is to enter a trade when the price 'breaks out' of a tight range, because often it tends to keep moving in the same direction. We use our Bollinger Bands on our charts to spot this trading opportunity. See screenshot on next page.



In the above example, EUR/USD 5 min chart, notice how the Bollinger Bands tighten and squeeze together. When this happens you know that there is a Breakout coming. As soon as the exchange rate line (brown), breaks out of the **outside** Bollinger Bands, it signals your entry buy/sell. In this case if you bought EUR/USD at 1.1815 and Closed your position at 1.1840 , you could have made a fast 25 pip profit.

Notice the confirming indicators: The exchange rate line (brown) is **above** the EMA 10 (red), the middle BB line (green) and the EMA 50 blue. The Parabolic SAR dots are on the **bottom**.

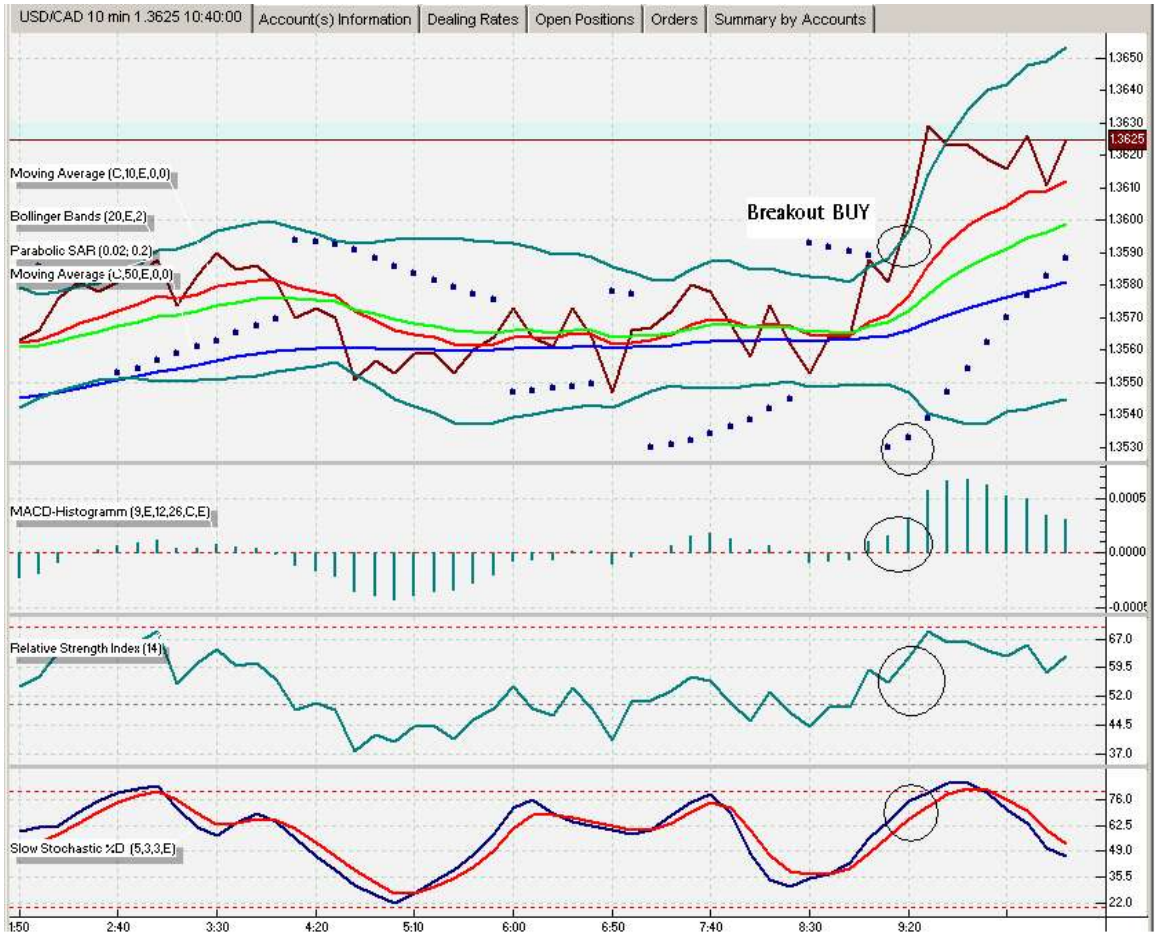
The MACD Histogram is **above 0** signaling upward momentum. The RSI is **above 50** signaling **upward** momentum, and the Slow Stochastic blue line is **above** the red line signaling **bullish** momentum.



Here is an example of EUR/USD 5 minute breakout SELL. You could have sold the EUR/USD at 1.1440 and closed your position at 1.1390 for a 50 pip profit.

Notice the confirming indicators: The exchange rate line is **below** the EMA 10 (red), the middle BB line (green) and the EMA 50 blue. The Parabolic SAR dots are on the **top**.

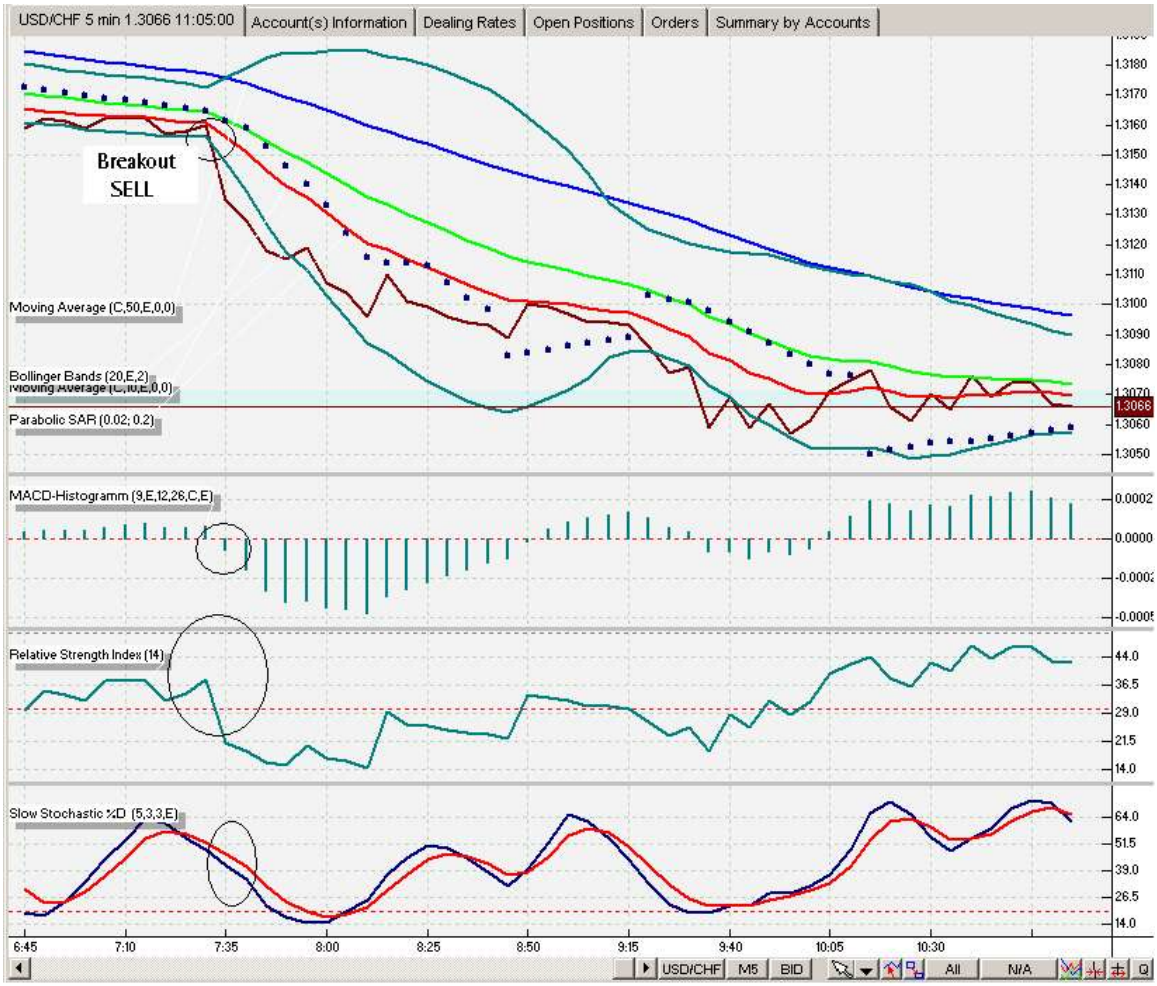
The MACD Histogram is **below 0** signaling downward momentum. The RSI is **below 50** signaling downward momentum, and the Slow Stochastic blue line is **below** the red line signaling **bearish** momentum.



Here is an example of USD/CAD 10 min chart. If you bought this currency pair at 1.3590 when it broke out of the bands and sold it at 1.3620 you could have made approximately 30 pips.

The exchange rate line (brown) is **above** the EMA 10 (red), the middle BB line (green) and the EMA 50 blue. The Parabolic SAR dots are on the **bottom**.

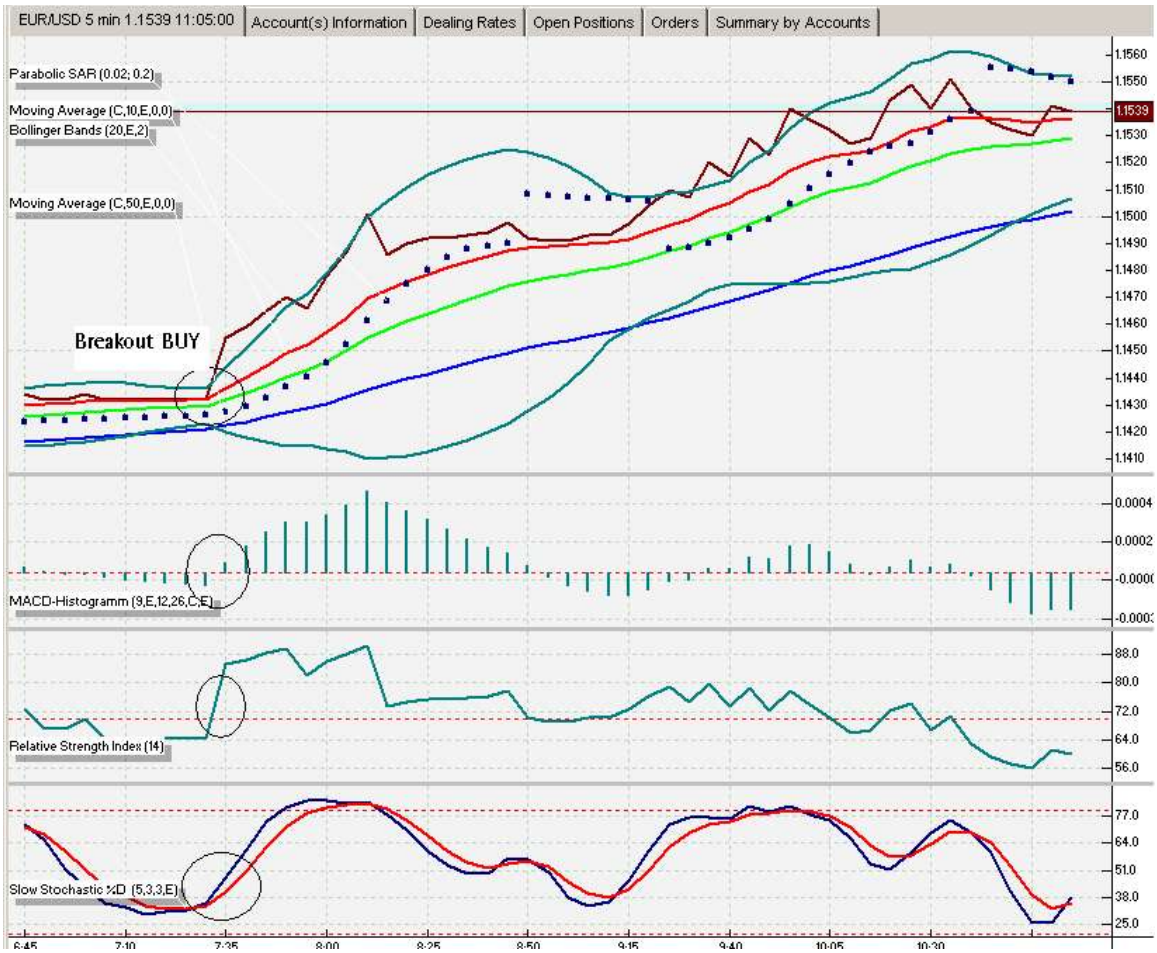
The MACD Histogram is **above 0** signaling upward momentum. The RSI is **above 50** signaling **upward** momentum, and the Slow Stochastic blue line is **above** the red line signaling **bullish** momentum.



Here is a USD/CHF 5 min chart example of a breakout SELL. Notice how the MACD Histogram went from positive to negative, and how the other confirming indicators signaled SELL.

The exchange rate line is **below** the EMA 10 (red), the middle BB line (green) and the EMA 50 blue. The Parabolic SAR dots are on the **top**.

The MACD Histogram is **below 0** signaling downward momentum. The RSI is **below 50** signaling downward momentum, and the Slow Stochastic blue line is **below** the red line signaling **bearish** momentum.



Here was an extreme breakout EUR/USD BUY where you could have held on for a 100 pip morning!

Again, The exchange rate line (brown) is **above** the EMA 10 (red), the middle BB line (green) and the EMA 50 blue. The Parabolic SAR dots are on the **bottom**.

The MACD Histogram is **above 0** signaling upward momentum. The RSI is **above 50** signaling **upward** momentum, and the Slow Stochastic blue line is **above** the red line signaling **bullish** momentum.

The second DayTradeForex.com trading technique uses the same principles, but is less extreme. This trading method is best traded on the 5 or 10 min charts, but can be applied to the 1 minute charts (See the Bonus **"Micro Trading"** strategy at the end of this trading course)

2. Trade the Trend

Trading the trend is just like trading the breakout, except in less volatile market conditions. Start with going to the 15 minute chart of the currency pair of your choice and ask yourself this question: 'Is the exchange rate line (brown) above or below the EMA 50 (blue)?

If the price line is currently **below the EMA 50, and the EMA 10 and BB 20 are also **below** the EMA 50, then you will be looking at **Selling** opportunities in the trading session.

If the price line is currently **above** the EMA 50, and the EMA 10 and BB 20 are **above** the EMA 50, then you will be looking at **buying** opportunities in the trading session.

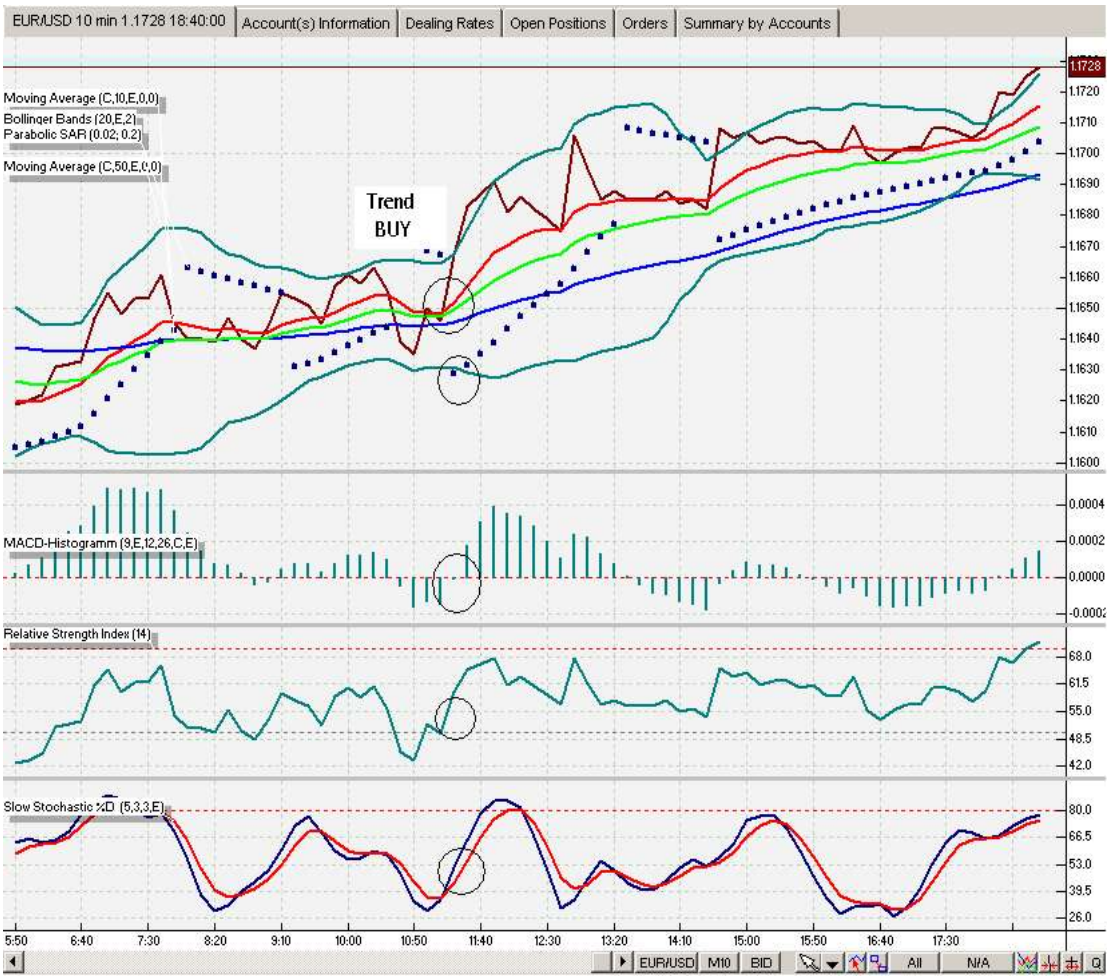
Often, when you are 'trading the trend', you will notice that the price line will bounce off the EMA 10 or the middle BB line or the EMA 50. These lines sometimes act as supports and resistances in a trading session. Therefore you can look to **sell shorts** when the price line bounces **down** off the EMA 10, BB 20 or EMA 50, or **buy longs** when the price line bounces **up** off the EMA 10 BB 20 or EMA 50.

When you trade the trend, it is important to trade with the Parabolic SAR, MACD, RSI and Slow Stochastic all signaling together.

The above example is a 5 minute EUR/USD chart. The first thing to look for is the EMA 50 blue line. Notice that it has been **above** the price line and the EMA 10 and BB 20. You will now be looking to **SELL.** Notice how the price line bounced **down** off of the EMA 10 and BB 20 right before I circled the chart.

Now look at your other indicators:

The MACD Histogram turned **down below zero**, RSI turned **down below 50** and Slow Stochastic **blue line turned down under the red line**. This would have been a good signal to **Sell Short**—you could have profited at least 20 pips on this trade.



The above example is a 10 minute EUR/USD chart. The first thing to look for is the EMA 50 blue line. Notice that it has been **below** the price line and the EMA 10 and BB 20. You will now be looking to **BUY.**

Notice how the price line crossed down through the EMA lines prior to the circles. This would have been a false signal to sell because the EMA 10 and BB 20 were above the EMA 50. If you were looking at buying opportunities then you could have entered when the price continued to rise where I circled on the chart.

Now look at your other indicators:

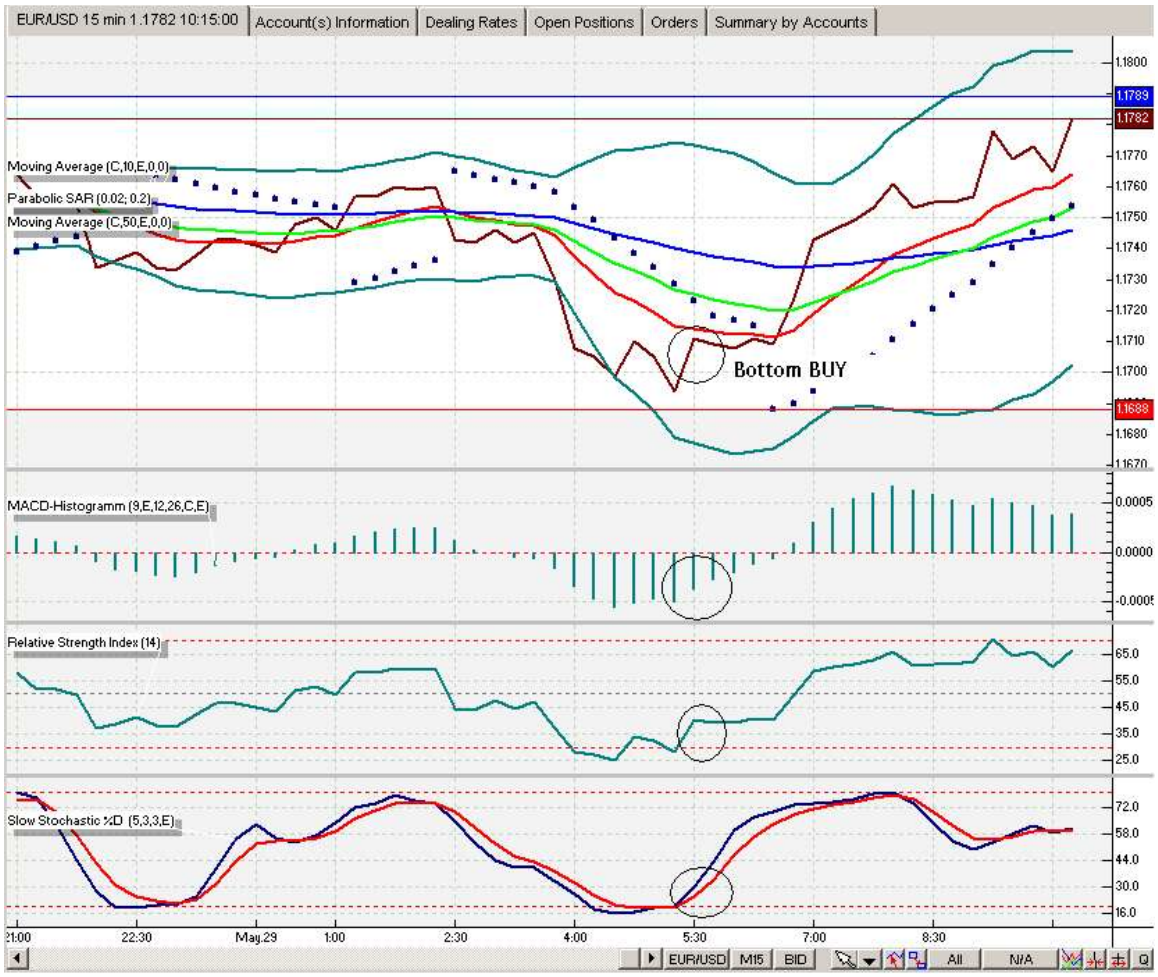
The MACD Histogram turned **up above zero**, RSI turned **up above 50** and Slow Stochastic **blue line turned up above the red line**. This would have been a good signal to **Buy long**—you could have profited at least 30 pips on this trade.

Here is an example of anticipating the trend. The market, previously rejected the breakout rise in price and turned the other way sharply. If you entered this trade when the MACD Histogram turned down into negative territory and the RSI moved below 50, you could have anticipated the trend before the EMA 10 and the BB 20 moved below the EMA 50.

The third DayTradeForex.com trading strategy that we are going to look at in this guide is:

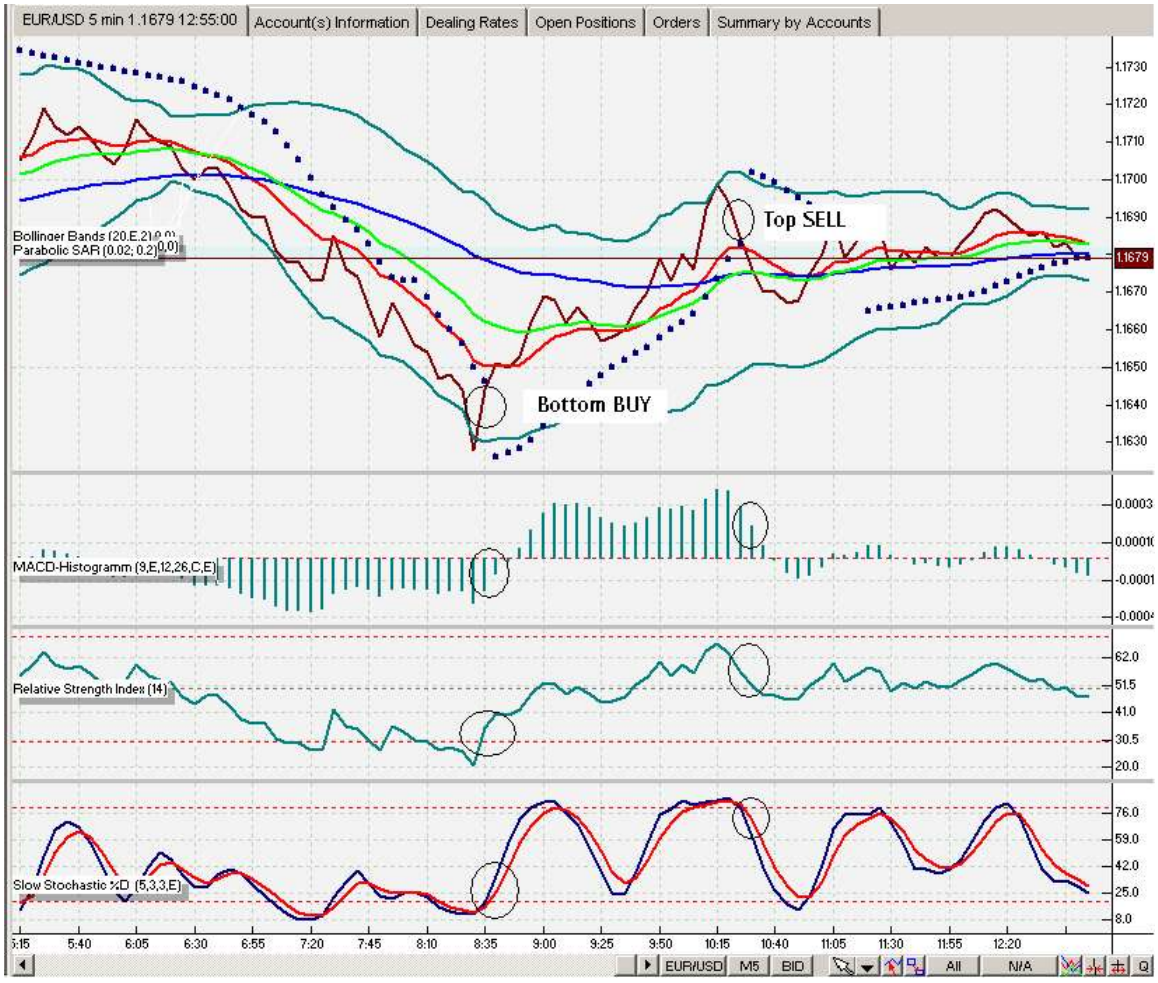
3. Trading Tops and Bottoms

Trading tops and bottoms can be more risky that the other two strategies because you are trading **against** the trend anticipating the market is overbought/oversold and might turn in the other direction. It is best to use the 10 or 15 minute charts for this method. It is more risky using the 5 min charts, but you still can apply the same techniques.



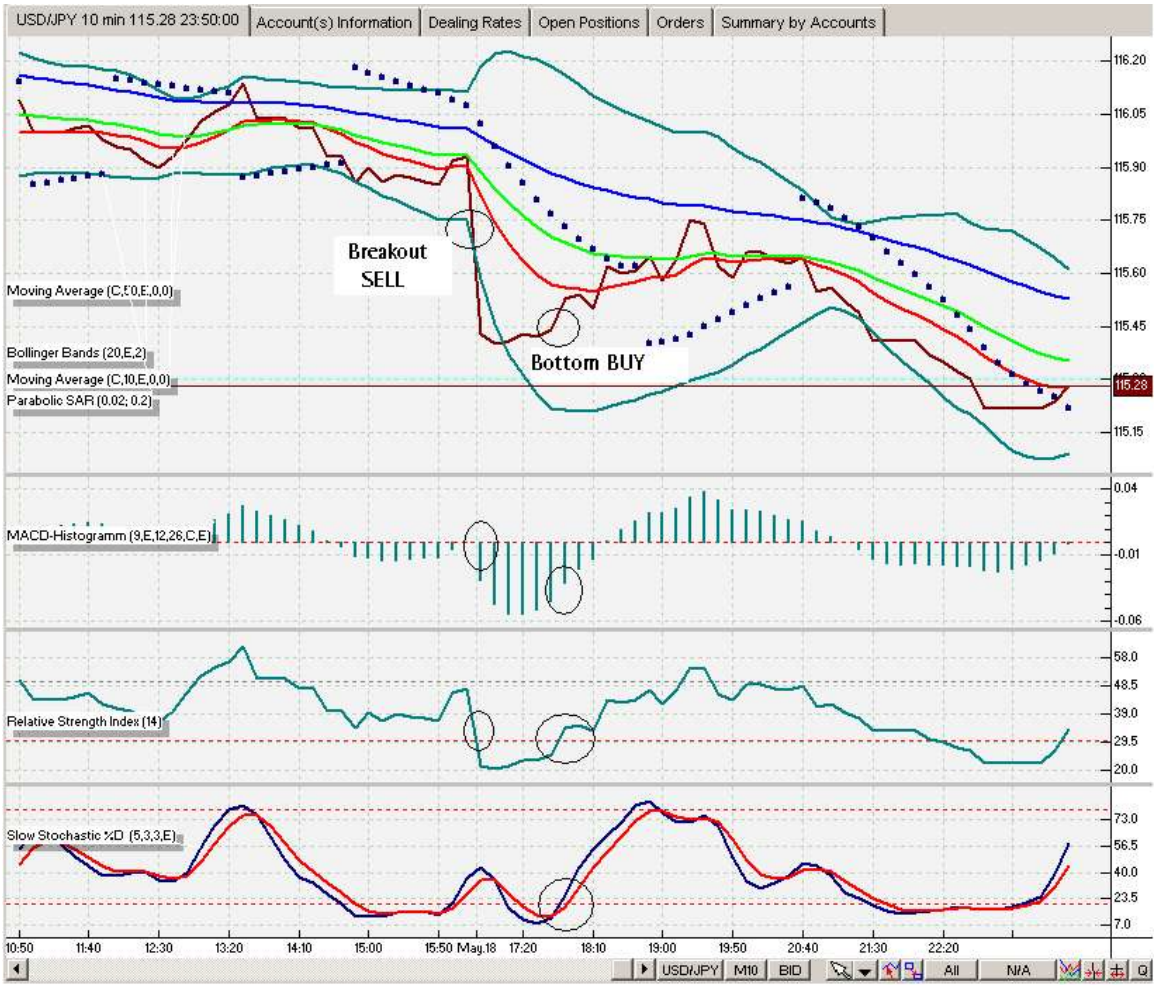
Here is an example of a EUR/USD 15min chart, bottom buy.

Notice how the MACD histogram is starting to **rise**, and the RSI is turning **up from being oversold** and the slow stochastic blue line crossed the red line and is **turning up from oversold**.



Here is a 5 minute chart example with EUR/USD. Notice the MACD, RSI and Slow Stochastic **move up** from oversold at 8:30. At 10:30 you could have **sold short** for a small profit.

Trading tops and bottoms is best in ranging markets.



Here is an example of a breakout SELL and a Bottom BUY in a trading session watching the USD/JPY 10 minute charts. This bottom BUY is a great example of oversold indicators with RSI and with Slow Stochastic.

When to EXIT trades

The goal of this day trading guide is to teach traders to take 5-20 pip profits at a time. You can set profit LIMIT orders to achieve this, or you may want to move your stops as your position becomes more and more profitable.

**Make sure that you don't let a winning trade become a losing one, by using trailing stop orders.

How to use HEDGING to your advantage

Hedging can be a useful tool to the Forex trader. When you have an open position, for example, you are long on a USD/JPY trade and you right click your trade on the VT platform, a menu will pop up and you have a choice to **Hedge** your trade. If you click Hedge, **you will automatically open up a position in the opposite direction at the current market price without canceling out your other position and without margin increase!**. In the above example you would now have a USD/JPY trade long and short. You will now neither gain or lose any equity in your account because the gains and the losses will cancel each other out.

Hedge in an emergency: Hedging a losing trade won't solve your problems, but it will 1. Keep you from more losses 2. Give you time to think about what happened to your bad trade and 3.Give you a second chance. Some traders will hedge losing trades instead of stopping out there position, because they have a chance to win back the losses of the original bad trade.

> Example: You are looking to 'Trade the Trend' so you go long on the EUR/USD, using the indicators in this guide. The indicators signaled BUY so you opened up a position. In case of a bad trade, you choose to hedge instead of using a stop loss (be careful when doing this). Your 'Trade the Trend' indicators didn't work and your position goes against you, you hedge your trade. Now you have a losing position and a winning position going in the opposite directions. You didn't use up any more margin. What do you do now?
>
> My recommendation: When your position is hedged, you are safe and you won't lose any more money in your account. Here is what you should do:
>
> 1. Wait until another chart set up occurs and proceed to step 4. or Exit the trading platform.
> 2. Wait till the next trading day or session
> 3. Look for the DTF indicators the next day.
> 4. Instead of opening up another position, simply get rid of the bad position that was hedged. So if the indicators the next day signaled long in the EUR/USD, like in the above example, then you would get rid of the short, losing hedge and hope that the price will rise enough to erase the previous days losses to make a profit.
> 5. If your position moves against you again you can hedge that position again and repeat steps 1-4.

Hedge a winning trade: You may also hedge a winning trade to protect your gains, if you don't want to completely close your position. When you do this you won't gain or lose any more money with that position. The advantage to this

would give you the opportunity to keep trading those positions in the future and give you a break. You can always right click on your position and choose 'close with hedge' to close both positions at once. If you hedge a winning position you can follow the above steps 1-4 to keep trading your position the next trading day.

** Please note that hedging can get complicated. Try to keep it as simple as possible and try not to have a web of hedged and unhedged positions open at the same time—as it becomes exponentially more difficult to keep track of, and what positions to let go etc...

** Hedging is also optional and you don't need to learn how to use this tool if you choose not to. You can be a successful trader by simply using stop and limit orders.

Understanding Risk Management

Understanding risk management is a very important reality when trading the Forex Markets. Losing trades will happen, and managing those losses are the key to success. A good rule of thumb when setting your stop losses is the 5-7% rule. If your trading account is at $2000, then set your stop loss so that you don't lose more than 5-7% of the total value of your account. If you used this rule in this case, you would stop out a losing trade when you were down $100-$140. This is important, because if you don't manage your losses well, you can easily lose 50% of your trading account on 1 bad trade. You do that a couple of times and you will lose all of your risk capital. It is better to take smaller losses and try to maximize your winning trades. So be careful and deliberate when setting your stops on your trading platform.

Step 6. Open a Live trading account

Now that you understand the basics and have been demo trading awhile, you are now ready to open a live trading account and join the Day Trade Forex trading team.

If you have found this step-by-step currency-trading guide useful and helpful and if you decide to open up a live trading account through me (co-owner of DayTradeForex.com), I will personally give you the customer service and support to assist you with your new account (my service will NOT cost you any extra money.) Here is how you open a live trading account.

Open a live account online by clicking HERE NOW. To open a live account offline, follow the directions on next page.

1. Go to www.cms-forex.com and under the Sign Up Tab on the top, scroll down to Live Account Sign Up. Under IB-Reffered Individual (In the circle on the bottom of the picture) , follow the instructions.

2. When filling out your CMS forms, simply use my name (Erol Bortucene) as the third party that referred you. This is on page 23 of the CMS application. If you decide to use the online application, please print out page 23, print my name on the top and sign it at the bottom and fax it to CMS. Using my name as your referrer is FREE and doesn't cost you any commission at all.

Capital Market Services, LLC ::LIVE ACCOUNT SIGNUP - Microsoft Internet Explorer
File Edit View Favorites Tools Help
Back Search Favorites Media
Address http://www.cms-forex.com/modules.php?op=modload&name=EZCMS&file=index&page_id=346
Go Links
REGISTERED FCM
Home
Sign Up
Resources
Support
October 15, 2003
Visual Trading Demo
Live Account Signup
ICTS-VT Transfer Info
Forex Risk Notice
Withdrawal Form
Bank Information
What's New?
Latest Updates
Indicator Execution
ICTS-VT Transfer Info
New Trading Platform
Our Company
Company Profile
Our History
Press Releases
Contact Us
Forex Services
Client Accounts
Introducing Brokers
Institutional Clients
Forex Education
Live Courses
Online Courses
Real-time Coaching
Virtual Classroom
Trading Information
Types of Orders
Trading Specifications
Trading Terms
Forms & Applications
UNT SIGNUP
Notice: Before you can begin trading, you must complete the following procedure:
1. Select an appropriate contract from the table below.
2. Fill out and sign the applicable pages.
3. Fax/Mail/Email the above pages, and copies of two identificational documents to us.
4. Immediately notify us that you have sent the documents by emailing account@cms-forex.com.
5. Funds should be sent ONLY AFTER APPROVAL of your account.
What to Send Us:
Fax copies of two identificational documents (ie: passport and/or driver's license), and the pages specified in the below table, under the type of trader which applies to you:
Account Type
Contract
Instructions
Individual
online contract
download .PDF
download .DOC
Fill out secure online contract, then print, sign, and fax/mail/email the last page.
If you experience problems registering via the online contract, you may download the contract, fill it out, sign, and fax/mail/email pages 1-6, 12, 13, 16-18.
IB-Referred Individual
online contract
download .PDF
download .DOC
Fill out online contract, include IB's (Introducing Broker) name where applicable, then print, sign, and fax/mail/email the last page. Page 23 must also be filled out, with the IB's name included where applicable. Click the download links to the left to obtain this page.
Sign Up
Internet

3. On the bottom of page 23 (of the CMS application). where it reads:

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10. Client understands and agrees that there may be commission implemented on his account. **If** such commission is added, its size is the following (in USD or another base currency):

Universal Account: Commission per one **100K** lot _____; and/or per one **10k mini** lot _____; **Professional Account**: Commission per one **250k** lot _____**Exclusive Mini Account:** Commission per one **10K** lot _____

Simply put the number '0' in the blanks as **I will not be charging you any commission as your introducing broker (IB)**. Sign and fax this to CMS along with your other information and forms. Thank you kindly. For questions or assistance with opening your live account you can contact me at bortucene@ziplip.com

Keep a trading journal

Finally, it is a good practice to keep a simple trading journal. This way you can keep track of your trades and progress and be able to analyze, improve and hone your trading skills.

Simply include the time you entered and exited the trade, the Currency pair, the chart time frame (this is important), and the strategy (breakout, trend or top or bottom). Also include write down what happened and what you could have done differently for future reference.

Useful Links

www.moneytec.com
Free Forex trading forum.
www.forexdirectory.net,
Comprehensive listing of everything, related to the Forex Markets.
www.mgforex.com/resource/glossary.asp
A good Forex Glossary

Before we present you with our exciting, new "Micro Trading" strategy, we would like to warmly invite you to order our DayTradeForex.com Advanced Trading Course. We strongly advise you to learn the techniques in our advanced course before you open a live account. You can read about it here:

http://www.daytradeforex.com/advanced.htm

Happy Trading!

The Day Trade Forex Team

For questions or assistance please contact us at:
support@daytradeforex.com

BONUS: "Micro Trading" the 1 minute Charts

See next page...

“Micro Trading” the 1 minute Charts

Now that you have opened a demo account and familiarized yourself with the VT trading platform we would like to introduce you to the Forex trading technique of 'scalping' for small profits. If you only have a small amount of time to trade each day, then this strategy might be the right one for you. Everyone will settle into their own style of trading. This technique is for traders who like getting in and out of trades in a matter of minutes instead of hours. Stock Index Futures traders often use the 1minute charts to enter and exit trades. Forex day traders can also gain an advantage by getting in on a move right as it happens by watching the 1 minute charts.

The type of chart set up that we use to trade the 1 minute charts is candlestick charts. A great description of candlestick charts can be read about here:

http://rightline.iqchart.com/partner/rightline/education/candle_intro.asp

SET UP YOUR CHARTS

1. Open a new EUR/USD **1 minute candlestick** chart.
2. Add Bollinger Bands set at 18, Exponential. Change the color of the middle band to bright **green**.
3. Add a moving average 3 Exponential, Close and change the color to **black**.
4. Add the **MACD Histogram** Study (default settings)
5. Add the **Relative Strength Index** Study set at 14.
6. Zoom in or out to your liking.

This is what your chart and studies should look like: (See Next Page)

The Key to catching the "Micro Trends" on the 1 minute charts:

- Wait for the **3 EMA (black)** to cross through the **18 Bollinger Bands Middle line (green).**
- Wait for the **Relative Strength Index** and **MACD Histogram** to line up: ***Above* 0** (MACD) and ***above* 50** (RSI) for **BUY** signal. ***Below* 0** (MACD) and ***below* 50** (RSI) for **SELL** signal.
- Remember to **take small profits**.
- **Practice** this strategy on your demo account.

***Examples starting on next page**

This example is on a Late Sunday Night/Early Monday Morning EST EUR/USD chart. A good **BUY signal** at this time could have been when the **3 EMA** crossed **up** through the **Middle Bollinger Band**, the MACD Histogram is **above zero** and the RSI crossed **above 50**.

More examples on next page...

Here is both a **BUY** and **SELL** example from the Japanese trading session. Notice how the RSI and MACD **line up** in both examples.

More examples on next page...

Here is an afternoon trading example of a **BUY** and **SELL** opportunity with the EUR/USD pair. Remember to take small profits and/or move your stops in a winning trade.

More examples on next page...

TRADE THE NEWS

Here is a great example of how you can use the 1 minute charts to trade the economic news releases. To find out when the world economic news releases are, simply go to http://www.forexnews.com and scroll down to the bottom of the website for the list of the current week news releases that impact the Forex markets. In the above example, the economic news release was scheduled for 8:30 AM EST. **At 8:33 the price jumped up 20 pips.** Using our 1 minute strategy along with the news, is an effective way of scalping profits on the FX markets.

****Tip**: Remember to wait a minute or two after the announcement. Don't open a position before the scheduled time!

****Tip**: There are news releases all throughout the week during the different time zones and trading sessions. This technique works well during overnight trading EST during the European and London sessions.

More examples on next page...

Notice with this news release, that the EUR/USD pair **dropped over 30 pips in 1 minute!** At 8:32 the price dropped. If you can practice timing these trades they can become a very profitable tool for the trader.

ATTENTION:

Using the 1 minute charts is **fast moving**. It might not be your style of trading. If you want to test out slower moving average combinations that whipsaw less often on the 1 minute charts, you can try these:

1. 7 EMA, 18 Middle Bollinger Band
2. 5 EMA, 20 Middle Bollinger Band
3. 10 EMA, 20 Middle Bollinger Band